

## Message Text

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ACTION EA-09

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USIA-06 PRS-01 SP-02 AID-05 L-03 /035 W

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R 040920Z MAR 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 3037

INFO AMEMBASSY SINGAPORE

AMCONSUL MEDAN

AMCONSUL SURABAYA

CONFIDENTIAL JAKARTA 2970

EO 11652: GDS

TAGS: FTRD, ECON, ID

SUBJECT: GOI PUSHES ANTI-SMUGGLING CAMPAIGN

REF: (A) SURABAYA 104, (B) JAKARTA 1729

1. SUMMARY: GOI APPEARS TO BE PRESSING ANTI-SMUGGLING CAMPAIGN ANNOUNCED FEBRUARY 3 WITH UNUSUAL VIGOR. THREATS OF DRASTIC SANCTIONS, NUMEROUS ARRESTS, FLIGHT OF MANY SMUGGLERS, AND SEALING OF SCORES OF HARBOR WAREHOUSES HAVE STOPPED INFLOW OF SMUGGLED GOODS, AT LEAST TEMPORARILY. BUT INDISCRIMINATE APPROACH HAS ALSO HALTED MOST OTHER IMPORTS AND CREATED CHAOTIC SITUATION AT JAKARTA HARBOR. OUTCOME OF CAMPAIGN STILL DOUBTFUL. END SUMMARY.

2. AS FOLLOW UP TO SUHARTO'S ANTI-SMUGGLING ORDER (REF B), TOP GOI OFFICIALS HAVE SAID REPEATEDLY GOVERNMENT IS NOT BLUFFING AND WILL PUNISH ALL SMUGGLERS WITHOUT FEAR OR FAVOR. SMUGGLERS WILL BE PROSECUTED UNDER 1963 ANTI-SUBVERSION LAW WITH SENTENCES OF UP TO 20 YEARS AND SENT TO REMOTE NUSAKAMBANGAN PENAL ISLAND, OFF SOUTH COAST OF JAVA, IN ORDER TO ISOLATE THEM FROM SMUGGLING "SYNDICATES."

3. MOST RECENTLY, CHIEFS OF AGENCIES INVOLVED IN ANTI-SMUGGLING CAMPAIGN, ATTORNEY GENERAL ALI SAID, KOPKAMTIB CHIEF SUDOMO, CONFIDENTIAL

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POLICE CHIEF WIDODO AND CUSTOMS DIRETOR TAHIR HELD PRESS CON-

ERENCE MARCH 1 TO REPORT ON CAMPAIGN. ALI SAID ANNOUNCED 17 SUSPECTS ALREADY ARRESTED IN JAKARTA AND SOME SENT TO NUSAKAMBANGAN. SAID AND SUDOMO ACKNOWLEDGED PREVIOUS ANTI-SMUGGLING EFFORTS HAD FAILED, BUT PROMISED RELENTLESS EFFORT AND PUNISHMENT OF ALL OFFICIALS, BUSINESSMEN AND ALSO HIGH-LEVEL "BACKERS" WHO, THEY ACKNOWLEDGED, ARE OFTEN INVOLVED. THEY SAID PREDICTIONS THAT CAMPAIGN WOULD FAIL BECAUSE OF HIGH-LEVEL BACKING ARE POLITICALLY MOTIVATED.

4. LAWYER/REFORMER BUYUNG NASUTION, COMMENTING ON PRESS CONFERENCE OF SAID, SUDOMO ET AL, TOLD JOURNALISTS MARCH 3 HE HOPED ANTI-SMUGGLING CAMPAIGN WOULD BE MORE THAN JUST "LUKEWARM CHICKEN DROPPINGS" (A PHRASE MEANING SHORT-LIVED ENTHUSIASM) SINCE PUBLIC IS ALREADY SKEPTICAL AND PESSIMISTIC. HE URGED GOVERNMENT TO PROTECT LEGAL RIGHTS OF SUSPECTS AND PREVENT EXTORTION BY INVESTIGATORS.

5. ACCORDING PRESS REPORTS, SMUGGLERS AND OFFICIALS HAVE BEEN ARRESTED IN OTHER CITIES AND SOME ARE BEING BROUGHT TO TRIAL, WHILE MANY PROMINENT SUSPECTS - 34 ACCORDING TO ONE ACCOUNT - HAVE FLED ABROAD TO ESCAPE PROSECUTION. (SEE SURABAYA'S REFTEL FOR SIMILAR RESULTS THERE.)

5. SAID ALSO ANNOUNCED THAT GOVERNMENT HAS SEALED 34 WAREHOUSES AT TANJUNG PRIOK HARBOR IN JAKARTA WHICH ARE BELIEVED TO INCLUDE CONTRABAND, FOR INSPECTION IF ALL GOODS. BANK ACCOUNTS OF 27 COMPANIES SUSPECTED OF SMUGGLING HAVE ALSO BEEN BLOCKED, HE SAID. ACCORDING EARLIER PRESS REPORTS, AUTHORITIES HAVE SEALED AROUND 100 WAREHOUSES IN JAKARTA AND SURABAYA CONTAINING MOSTLY TEXTILES, - WHICH ARE SPECIAL TARGET. OFFICIALS HAVE BEEN ORDERED TO PHYSICALLY EXAMINE ALL GOODS IMPORTED FROM FIVE ASIAN COUNTRIES, AND CUSTOMS INVOICES WILL BE REQUIRED FOR IMPORTS FROM THESE COUNTRIES.

6. IN ADDITION TO ABOVE "REPRESSIVE" MEASURES" MEASURES, MINISTER OF TRADE RADIUS PRAWIRO HAS PROMISED "PREVENTIVE" REFORM OF IMPORT REGULATIONS WHICH ENCOURAGE SMUGGLING.

7. ACCORDING INDONESIAN AND AMERICAN BUSINESS SOURCES AND CONFIDENTIAL

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PRESS REPORTS, INVESTIGATIONS AND SEALING OF WAREHOUSES AT TANJUNG PRIOK HAVE DISRUPTED NORMAL IMPORTS, VERY FEW GOODS ARE NOW BEING RELEASED FROM WAREHOUSES, AND EVEN LEGITIMATE IMPORTERS AND FORWARDING AGENTS HAVE HALTED ACTIVITIES, FOR FEAR OF BEING INVESTIGATED. AMERICAN EXPRESS BANK REP REPORTS SEVERE DROP IN HIS AND OTHER BANKS' IMPORT FINANCING BUSINESS AND SAID MANY IMPORTERS WHOSE GOODS ARE BLOCKED ARE IN ARREARS TO BANKS. NORMAL CUSTOMS RECEIPTS HAVE ALSO DROPPED SHARPLY, HE SAID.

ACCORDING "SINAR HARAPAN" MARCH 1, GOODS RELEASED FROM PRIOK FELL FROM 26,000 TONS IN JANUARY (BEFORE ANTI-SMUGGLING CRACKDOWN) TO 15,000 TONS IN FEBRUARY. UNLOADING OF SHIPS HAS BEEN DELAYED BY FOUR TO SIX DAYS, AND GOODS ARE PILING UP IN WAREHOUSES.

8. COMMENT: ARRESTS, INVESTIGATIONS, FLIGHT OF SMUGGLERS AND REPEATED OFFICIAL STATEMENTS LAYING GOVERNMENT'S CREDIBILITY ON LINE INDICATE ANTI-SMUGGLING CAMPAIGN IS MORE THAN USUAL THEATRICS, AT LEAST FOR PRESENT. BUT WHETHER CAMPAIGN WILL BE SUSTAINED IS STILL OPEN TO QUESTION. SMUGGLING IS BELIEVED TO BE IMPORTANT SOURCE OF EXTRA-BUDGETARY REVENUE FOR ARMED FORCES, AND UNLESS MILITARY AS WELL AS HIGH OFFICIALS WHO GAIN FROM SMUGGLING COOPERATE, CAMPAIGN WILL FAIL, AS OTHERS HAVE IN PAST. SOME SKEPTICS SUGGEST THAT CUSTOMS AND OTHER OFFICIALS ARE EXPLOITING ANTI-SMUGGLING CAMPAIGN TO UP THE ANTW FOR EXTORTION. FOR EXAMPLE, THERE ARE RUMORS - WHICH OFFICIALS HAVE PUBLICLY DENIED - THAT IMPORTERS WITH BLOCKED GOODS ARE BEING ASKED TO MAKE CONTRIBUTIONS TO "A POLITICAL PARTY." ONE U.S. BUSINESSMAN, NOTING THAT SLOW DOWN TACTICS HAVE BEEN USED BY CUSTOMS OFFICIALS IN PAST TO THWART ANTI-SMUGGLING EFFORTS, SUGGESTED THAT COSTLY DELAY, CONGESTION AND GENERAL CONFUSION AT TANJUNG PRIOK UNDER PRETEXT OF ANTI-SMUGGLING INVESTIGATION ARE IN FACT DESIGNED TO FORCE ANTI-SMUGGLING PROONENTS TO BACK OFF.

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## Message Attributes

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